COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00046)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board of Directors (the "Board") of Computer And Technologies Holdings Limited (the "Company") herein presents the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2023 together with the comparative figures. These unaudited interim condensed consolidated results have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	5	**128,102**	128,582
Cost of sales and services		**(60,473)**	(58,270)
Gross profit		**67,629**	70,312
Other income and gains, net	5	**8,066**	5,821
Foreign exchange differences, net		**(26)**	503
Fair value losses, net:			
Financial assets at fair value through profit or loss		**(501)**	(1,569)
Investment properties		**–**	(80)
Selling and distribution expenses		**(16,232)**	(15,954)
General and administrative expenses, net		**(32,160)**	(30,395)
Finance cost		**(191)**	(195)
Other expenses		**(6,726)**	(3,461)
PROFIT BEFORE TAX	6	**19,859**	24,982

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

		For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
PROFIT BEFORE TAX	*6*	**19,859**	24,982
Income tax expense	*7*	**(1,853)**	(3,156)
PROFIT FOR THE PERIOD		**18,006**	21,826
ATTRIBUTABLE TO:			
Owners of the parent		**18,237**	21,895
Non-controlling interests		**(231)**	(69)
		18,006	21,826
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*	**HK cents**	HK cents
Basic		**7.38**	8.86
Diluted		**7.35**	8.82

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**18,006**	21,826
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**134**	(1,827)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**18,140**	19,999
ATTRIBUTABLE TO:		
Owners of the parent	**18,371**	20,068
Non-controlling interests	**(231)**	(69)
	18,140	19,999

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2023 (Unaudited) *HK$'000***	31 December 2022 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,175**	1,250
Investment properties		**66,710**	66,710
Right-of-use assets		**12,419**	10,815
Goodwill		**135,001**	135,001
Other intangible assets		**39,008**	45,734
Financial assets at fair value through profit or loss – debt investment		**2,100**	2,100
Deposits		**2,512**	2,020
Deferred tax assets		**3,263**	2,205
Total non-current assets		**262,188**	265,835
CURRENT ASSETS			
Inventories		**16**	16
Trade receivables	*10*	**30,893**	50,916
Contract assets		**41,015**	25,301
Prepayments, deposits and other receivables		**15,823**	15,897
Tax recoverable		**6,168**	5,527
Financial assets at fair value through profit or loss – listed equity investments		**3,704**	4,205
Pledged bank deposits		**761**	1,020
Cash and cash equivalents		**298,613**	309,773
Total current assets		**396,993**	412,655
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*11*	**(58,478)**	(69,160)
Contract liabilities		**(53,636)**	(54,190)
Lease liabilities		**(8,459)**	(7,415)
Tax payable		**(11,753)**	(8,469)
Total current liabilities		**(132,326)**	(139,234)
NET CURRENT ASSETS		**264,667**	273,421
TOTAL ASSETS LESS CURRENT LIABILITIES		**526,855**	539,256

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	**30 June 2023 (Unaudited) *HK$'000***	31 December 2022 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Other payables	*11*	–	(39)
Contract liabilities		**(1,698)**	(1,407)
Lease liabilities		**(4,879)**	(4,612)
Deferred tax liabilities		**(9,679)**	(10,107)
Total non-current liabilities		**(16,256)**	(16,165)
Net assets		**510,599**	523,091
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**24,949**	24,949
Share premium account		**53,104**	53,104
Shares held under the restricted share award scheme		**(4,724)**	(6,204)
Other reserves		**436,059**	418,918
Proposed final and special dividends		–	30,882
		509,388	521,649
Non-controlling interests		**1,211**	1,442
Total equity		**510,599**	523,091

NOTES

1. CORPORATE INFORMATION

Computer And Technologies Holdings Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at Level 10, Cyberport 2, 100 Cyberport Road, Hong Kong.

During the period, the Group was involved in the following principal activities:

- provision of enterprise applications software and e-business services for enterprises including the provision of enterprise applications software (including Software as a Service ("SaaS") product offering) with implementation and ongoing support services; the Government Electronic Trading Services ("GETS"), cloud services and other related value-added services;

- provision of information technology ("IT") solutions implementation and application software development (including SaaS product offering); provision of IT and related operation/infrastructure outsourcing services; and provision of IT systems and network infrastructure with related design, implementation and ongoing support services; and

- property and treasury investments.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 has been prepared in accordance with the applicable provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

3. **CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES** *(continued)*

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities, and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The quantitative impact on the financial information is summarised below.

Impact on the interim condensed consolidated statement of financial position:

	Note	**Increase/(decrease) As at 30 June 2023** ***HK$'000***
Assets and liabilities		
Deferred tax assets	(i)	885
Deferred tax liabilities		(869)
Net assets		16
Equity		
Retained profits (included in other reserves)		16
Equity attributable to owners of the parent		16
Total equity		16

Note (i): The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(c) *(continued)*

Impact on the interim condensed consolidated statement of profit or loss:

	Increase For the six months ended 30 June 2023 ***HK$'000***
Income tax credit	16
Profit for the period	16
Attributable to:	
Owners of the parent	16
Non-controlling interests	–
	16

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the application services segment that primarily engages in the provision of enterprise applications software and e-business services for enterprises including the provision of enterprise applications software (including SaaS product offering) with implementation and ongoing support services; the GETS, cloud services and other related value-added services;

(b) the solutions and integration services segment that primarily engages in the provision of IT solutions implementation and application software development (including SaaS product offering); provision of IT and related operation/infrastructure outsourcing services; and provision of IT systems and network infrastructure with related design, implementation and ongoing support services; and

(c) the investments segment that primarily engages in various types of investing activities including, inter alia, property investment for rental income and/or for capital appreciation and treasury investment in securities for dividend income and interest income and/or for capital appreciation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that unallocated interest income, unallocated other income and gains, net, unallocated foreign exchange differences, net, corporate and other unallocated depreciation, and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged bank deposits, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4. **OPERATING SEGMENT INFORMATION** *(continued)*

(a) Operating segments

	Application Services		Solutions and Integration Services		Investments		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers (note 5)	**75,612**	79,134	**51,564**	48,442	**926**	1,006	**128,102***	128,582*
Intersegment sales	**–**	–	**3,113**	–	**–**	–	**3,113**	–
Other income and gains, net	**1,021**	324	**7**	26	**146**	236	**1,174^**	586^
	76,633	79,458	**54,684**	48,468	**1,072**	1,242	**132,389**	129,168
Reconciliation:								
Elimination of intersegment sales							**(3,113)**	–
Profit before tax							**129,276**	129,168
Segment results	**14,992**	21,971	**12,561**	9,942	**543**	(449)	**28,096**	31,464
Reconciliation:								
Unallocated interest income							**6,892^**	1,531^
Unallocated other income and gains, net							**–^**	3,704^
Unallocated foreign exchange differences, net							**(26)**	503
Corporate and other unallocated depreciation							**(107)**	(170)
Corporate and other unallocated expenses							**(14,996)**	(12,050)
Profit before tax							**19,859**	24,982

4. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments *(continued)*

	Application Services		Solutions and Integration Services		Investments		Total	
	30 June 2023	31 December 2022	**30 June 2023**	31 December 2022	**30 June 2023**	31 December 2022	**30 June 2023**	31 December 2022
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**200,413**	207,455	**72,737**	70,863	**72,522**	73,023	**345,672**	351,341
Reconciliation:								
Corporate and other unallocated assets							**313,509**	327,149
Total assets							**659,181**	678,490
Segment liabilities	**98,930**	92,903	**18,148**	27,872	**685**	685	**117,763**	121,460
Reconciliation:								
Corporate and other unallocated liabilities							**30,819**	33,939
Total liabilities							**148,582**	155,399

* *This represents the consolidated revenue of HK$128,102,000 (2022: HK$128,582,000) in the condensed consolidated statement of profit or loss.*

^ *These comprise the consolidated other income and gains, net, of HK$8,066,000 (2022: HK$5,821,000) in the condensed consolidated statement of profit or loss.*

4. OPERATING SEGMENT INFORMATION *(continued)*

(a) Operating segments *(continued)*

	Application Services		Solutions and Integration Services		Investments		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Net fair value losses on investment properties	**–**	–	**–**	–	**–**	(80)	**–**	(80)
Net fair value losses on financial assets at fair value through profit or loss	**–**	–	**–**	–	**(501)**	(1,569)	**(501)**	(1,569)
Amortisation of other intangible assets	**2,874**	3,248	**3,852**	213	**–**	–	**6,726**	3,461
Depreciation	**1,178**	1,352	**501**	466	**–**	–	**1,679**	1,818
Corporate and other unallocated depreciation							**2,627**	2,939
							4,306	4,757
Impairment/(reversal of impairment) of trade receivables recognised in the condensed consolidated statement of profit or loss, net*	**847**	319	**55**	(20)	**–**	–	**902**	299
Capital expenditure**	**52**	66	**165**	158	**–**	–	**217**	224
Corporate and other unallocated capital expenditure**							**56**	176
							273	400

* *Including impairment of trade receivables recognised in the condensed consolidated statement of profit or loss attributable to the application services segment of HK$1,262,000 (2022: HK$466,000) and the solutions and integration services segment of HK$238,000 (2022: HK$125,000), respectively, and reversal of impairment of trade receivables recognised in the condensed consolidated statement of profit or loss attributable to the application services segment of HK$415,000 (2022: HK$147,000) and the solutions and integration services segment of HK$183,000 (2022: HK$145,000), respectively.*

** *Capital expenditure consists of additions to property, plant and equipment.*

4. OPERATING SEGMENT INFORMATION *(continued)*

(b) Geographical information

(i) Revenue from external customers

	Hong Kong and other countries/regions		Mainland China		Total	
	2023	2022	**2023**	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**103,213**	102,097	**24,889**	26,485	**128,102**	128,582

The revenue information is based on the locations of the customers.

(ii) Non-current assets

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Hong Kong	**141,093**	147,803
Mainland China	**113,220**	111,707
	254,313	259,510

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

(c) Information about a major customer

Revenue from transactions with an external customer amounting to 10% or more of the Group's total revenue:

For the period ended 30 June 2023, revenue from a major customer of HK$38,557,000 (2022: HK$33,889,000) was derived from transactions with the customer reported in the application services segment and the solutions and integration services segment.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	For the six months ended 30 June 2023	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers	**127,176**	127,576
Revenue from other sources		
Gross rental income from investment properties and interest income from treasury investments	**926**	1,006
	128,102	128,582

Revenue from contracts with customers

(i) Disaggregated revenue information

	Application Services	Solutions and Integration Services	Total
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
	HK$'000	***HK$'000***	***HK$'000***
For the six months ended 30 June 2023			
Segments			
Types of goods or services			
Sale of goods and provision of software and GETS services	**13,431**	**3,371**	**16,802**
Provision of software implementation and related services, IT solutions implementation and related services	**23,634**	**24,881**	**48,515**
Provision of SaaS product offering and maintenance services	**38,547**	**23,312**	**61,859**
Total revenue from contracts with customers	**75,612**	**51,564**	**127,176**
Geographical markets			
Hong Kong and others	**52,795**	**49,603**	**102,398**
Mainland China	**22,817**	**1,961**	**24,778**
Total revenue from contracts with customers	**75,612**	**51,564**	**127,176**
Timing of revenue recognition			
Goods and services transferred at a point in time	**13,431**	**3,371**	**16,802**
Services transferred over time	**62,181**	**48,193**	**110,374**
Total revenue from contracts with customers	**75,612**	**51,564**	**127,176**

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information *(continued)*

For the six months ended 30 June 2022	Application Services (Unaudited) *HK$'000*	Solutions and Integration Services (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segments			
Types of goods or services			
Sale of goods and provision of software and GETS services	17,638	1,500	19,138
Provision of software implementation and related services, IT solutions implementation and related services	24,146	24,748	48,894
Provision of SaaS product offering and maintenance services	37,350	22,194	59,544
Total revenue from contracts with customers	79,134	48,442	127,576
Geographical markets			
Hong Kong and others	57,136	44,072	101,208
Mainland China	21,998	4,370	26,368
Total revenue from contracts with customers	79,134	48,442	127,576
Timing of revenue recognition			
Goods and services transferred at a point in time	17,638	1,500	19,138
Services transferred over time	61,496	46,942	108,438
Total revenue from contracts with customers	79,134	48,442	127,576

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods and provision of software and GETS services
The performance obligation is satisfied upon product/service delivery, where payment in advance is normally required, and the balance is generally due within 30 to 60 days from the date of delivery.

Provision of software implementation and related services
The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 60 days from the date of billing.

Provision of IT solutions implementation and related services
The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the respective contracts.

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Revenue from contracts with customers *(continued)*

(ii) Performance obligations *(continued)*

Provision of SaaS product offering and maintenance services
The performance obligation is satisfied over time as services are rendered and payments in advance are normally required before rendering the services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

	2023 (Unaudited) *HK$'000*	2022 (Unaudited) *HK$'000*
Amounts expected to be recognised as revenue:		
Within one year	**53,636**	51,355
After one year	**1,698**	1,172
	55,334	52,527

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to maintenance services, of which the performance obligations are to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	For the six months ended 30 June	
	2023 (Unaudited) *HK$'000*	2022 (Unaudited) *HK$'000*
Other income and gains, net		
Bank interest income	**6,892**	1,531
Government subsidies*	–	3,704
Value-added tax refund received	**683**	153
Dividend income from listed investments at fair value through profit or loss	**142**	194
Gain on disposal of items of property, plant and equipment, net	**6**	1
Others	**343**	238
	8,066	5,821

* *The subsidies in the prior period were granted under the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region. There were no unfulfilled conditions or contingencies, relating to the subsidies.*

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment^	**348**	466
Depreciation of right-of-use assets	**3,958**	4,291
Amortisation of other intangible assets**	**6,726**	3,461
Gain on disposal of items of property, plant and equipment, net	**(6)**	(1)
Impairment of trade receivables, net	**902**	299

^ *Depreciation of property, plant and equipment for the period of HK$51,000 (2022: HK$59,000) is included in "Cost of sales and services" on the face of the condensed consolidated statement of profit or loss.*

** *Amortisation of other intangible assets for the period of HK$6,726,000 (2022: HK$3,461,000) is included in "Other expenses" on the face of the condensed consolidated statement of profit or loss.*

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**3,255**	3,927
Overprovision in prior periods	**-**	(13)
Current – Elsewhere		
Charge for the period	**84**	21
Deferred	**(1,486)**	(779)
Total tax charge for the period	**1,853**	3,156

In July 2022, the Hong Kong Inland Revenue Department (the "IRD") issued an enquiry letter to a subsidiary of the Company regarding the claim for enhanced deduction of certain research and development expenditures. The subsidiary had further provided part of the requested information and documents in support of the deduction claim and replied to part of the enquires from the IRD in February 2023. The IRD is in the process of further review of the claim.

7. **INCOME TAX** *(continued)*

In the opinion of the directors of the Company, it is not practicable at this early stage to estimate reliably the outcome of the claim and, therefore, the financial effect (including the amount or timing thereof, if any) of the foregoing enquiry. However, the directors believe that, subject to availability of the required evidence, the subsidiary has valid grounds to pursue the claim for enhanced deduction. Accordingly, no further provision for Hong Kong profits tax is considered necessary at this stage.

In March 2023, the IRD issued protective assessments to another two subsidiaries (the "Subsidiaries") of the Company demanding tax of approximately HK$805,000 in aggregate for the year of assessment 2016/17. Per preliminary discussion with the assessor-in-charge, the IRD is reviewing the tax affairs of the Subsidiaries for the years of assessment from 2016/17 onwards and the issuance of the protective assessments is merely for the purpose of avoiding the year to become statutorily barred. During the discussion, the IRD informed that, at this early stage, they are focusing on the nature and the deductibility of certain expenditure/expenses. The Subsidiaries have lodged objections against the protective assessments and would provide relevant information and documents in support of the deduction claims once they are being requested by the IRD. In April 2023, the subsidiaries purchased tax reserve certificates of HK$805,000 at the request of the IRD. In July 2023, the IRD replied that prompt actions will be taken to process the objections.

In the opinion of the directors of the Company, it is not practicable at this early stage to estimate reliably on the outcome and the financial effect (including the amount or timing thereof, if any) of this tax review. However, the directors believe that the tax reporting of the Subsidiaries have all along been properly handled. Accordingly, no further provision for Hong Kong profits tax is considered necessary at this stage.

8. DIVIDENDS

a. Subsequent to the end of the interim period, the Board has determined that an interim dividend of HK$0.055 (2022: an interim dividend of HK$0.065) in cash per ordinary share should be paid to the shareholders of the Company whose names appear in the Register of Members on Tuesday, 5 September 2023.

b. Dividend attributable to the previous financial year approved during the interim period.

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period of HK$0.075 (2022: final dividend of HK$0.11) per ordinary share	**18,712**	27,444
Less: Dividend for shares held under the Company's restricted share award scheme	**(166)**	(221)
	18,546	27,223
Special dividend in respect of the previous financial year, approved and paid during the interim period of HK$0.05 (2022: Nil) per ordinary share	**12,474**	–
Less: Dividend for shares held under the Company's restricted share award scheme	**(111)**	–
	12,363	–
	30,909	27,223

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 247,132,666 (2022: 247,184,909) in issue during the period, as adjusted to exclude the shares held under the restricted share award scheme of the Company.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed vesting of all dilutive restricted shares of the Company awarded under the restricted share award scheme of the Company.

The calculations of basic and diluted earnings per share are based on:

Earnings

The calculations of basic and diluted earnings per share are based on profit attributable to ordinary equity holders of the parent.

Shares

	Number of shares for the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**247,132,666**	247,184,909
Effect of dilution – weighted average number of ordinary shares:		
Restricted shares awarded under the Company's restricted share award scheme	**937,252**	933,382
Number of shares used in the diluted earnings per share calculation	**248,069,918**	248,118,291

10. TRADE RECEIVABLES

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Trade receivables	**35,348**	54,839
Impairment	**(4,455)**	(3,923)
	30,893	50,916

The Group's trading terms with its customers vary from contract to contract or depending on the specific arrangements with individual customers, and may include cash on delivery, advance payment and on credit. For those customers who trade on credit, the overall credit period is generally within 60 days, except for certain projects with longer implementation schedules or for major or specific customers, where the period may be extended. The Group seeks to maintain strict control over its outstanding trade receivables and overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Within 1 month	**16,966**	28,656
1 to 3 months	**8,310**	12,381
4 to 6 months	**2,755**	3,004
7 to 12 months	**2,862**	6,875
	30,893	50,916

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 (Unaudited) *HK$'000*	2022 (Audited) *HK$'000*
At beginning of period/year	**3,923**	3,177
Impairment losses, net	**902**	837
Amount written off as uncollectable	**(370)**	–
Exchange realignment	**–**	(91)
At end of period/year	**4,455**	3,923

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Trade payables	**10,485**	17,034
Other payables	**29,620**	29,067
Accruals	**18,373**	23,098
	58,478	69,199
Portion classified as current liabilities	**(58,478)**	(69,160)
Portion classified as non-current liabilities	**–**	39

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 (Unaudited) *HK$'000*	31 December 2022 (Audited) *HK$'000*
Within 1 month	**8,959**	15,311
1 to 3 months	**882**	1,224
4 to 6 months	**–**	199
Over 6 months	**644**	300
	10,485	17,034

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

12. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities in connection with certain guarantees not provided for in the financial statements were as follows:

Guarantees have been given to certain banks by the Company for performance bonds/guarantees issued by the banks in relation to certain contracts undertaken by the Group amounting to HK$31,700,000 (31 December 2022: HK$31,700,000), of which HK$20,541,000 (31 December 2022: HK$20,694,000) was utilised as at 30 June 2023.

CHAIRMAN'S STATEMENT

Dear Shareholders,

OVERVIEW

On behalf of the board of directors (the "Board") of Computer And Technologies Holdings Limited (the "Company"), I am pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2023.

China's post-COVID recovery is hindered by geopolitical rivalries and the market is swayed by growth prospects. Poor market sentiment has been weakening the demand from the private sectors for enterprise application software and related services during the reporting period. On the other hand, demands from the government and semi-government organisations in Hong Kong Special Administrative Region ("HKSAR") for IT solutions and services remained solid. Consequently, the Group's overall revenue maintained at HK$128.1 million, approximately the same as last year (2022: HK$128.6 million). As a result of increased staff costs in project delivery, the Group's gross profit decreased by HK$2.7 million to HK$67.6 million (2022: HK$70.3 million).

The improved bank interest income contributed to the increase in other income and gains of the Group by HK$2.2 million to HK$8.1 million (2022: HK$5.8 million). The fluctuation in the equity market had adversely impacted the valuation of the Group's on hand financial assets by HK$0.5 million (2022: HK$1.6 million). In line with the inflated staff costs and the increase of the amortisation of deferred development costs, the overall expenses went up by HK$5.3 million to HK$55.3 million (2022: HK$50.0 million).

With the abovementioned, the Group's consolidated net profit attributable to shareholders reduced by HK$3.7 million to HK$18.2 million (2022: HK$21.9 million). The basic earnings per share also dropped to 7.38 HK cents (2022: 8.86 HK cents).

In view of a sustained healthy financial position, the Board declared the distribution of an interim dividend of 5.5 HK cents (2022: 6.5 HK cents) per ordinary share for the six months ended 30 June 2023.

BUSINESS REVIEW

Application Software

Although the weak market sentiment has caused delay in purchase decisions of new enterprise customers, the Group's Application Software[1] business continues to receive stable recurring income from software annuity and Software as a Service's ("SaaS") subscription services from the established customer base.

The Group's Human Resources Management Software ("HRMS") business in Hong Kong continued to benefit from sustainable demand for add-on software and services from its existing customers. However, the order backlog from new customers carried over from previous year was decreased. As a result, it has reported a lower profit contribution to the Group during the reporting period. The performance of the Group's HRMS business in Mainland China was also affected by the weak market sentiment and keen competitions. Nevertheless, with sustainable recurring income from existing customers and tightened cost control, it managed to maintain a similar profit contribution to the Group. During the reporting period, the HRMS business team acquired a number of sizable new orders from various customers, including a large foreign banking corporation in Hong Kong, large hotel chains, multi-national manufacturers, professional service providers and a fintech company.

BUSINESS REVIEW *(continued)*

Application Software *(continued)*
The Group's enterprise software business attained double digit growth in recurring SaaS and maintenance income but the performance of different product lines varied. The overall profit contribution to the Group was reduced due to increased project delivery cost and delay in new contract conclusion during the reporting period.

The Enterprise Procurement Management Software ("EPMS") showed growing demands from both business enterprises and public organisations on purchasing compliance initiatives. The business continued to grow its recurring SaaS and maintenance incomes encouragingly by more than 25% period-on-period, as well as attaining growth in professional service revenue despite the resource constraint. However, its profit contribution to the Group was severely impacted by higher staff cost and the transition from one-off on-premises license revenue recognition to the SaaS recurring revenue stream.

Benefiting from its stable recurring maintenance income and new contracts from customers with demand for information repositories, control and compliance, the Enterprise Information Management Software ("EIMS") business managed to uplift its profit contribution to the Group during the reporting period.

The Enterprise Retail Management Software ("ERMS") attained a comparable revenue level with the same period last year amidst the slow recovery of the retail market in general. However, its profit contribution to the Group was also impacted by the higher staff cost.

The business of CISC Limited was still in the investment stage as the new technology arm of the Group, focusing on cyber intelligence with Artificial Intelligence ("AI") and Natural Language Processing ("NLP") related technologies. The management is confident of this direction and is actively exploring new business opportunities.

The Group has stepped up its research and development ("R&D") resources to deliver new software offerings based on the latest technology platform. Within the product roadmap, the Group aims to launch a new version of Human Capital Management ("HCM") software at the end of 2023 to capture the increasing market demands for enhancing talents development and organisation management efficiency. The new HCM platform is built with modular and cloud-based architecture, enabling the Group to further improve its SaaS business model and react more responsively to individual customer requirements and streamline the delivery process.

Solutions and Integration Services
Leveraging the steady demand for IT solutions and services from the HKSAR Government (the "Government") and semi-government organisations, the Group's Solutions Services[2] business maintained double-digit growth in its revenue and profit contribution during the reporting period.

Benefiting from completion of the software enhancement project (the "Project") for the Customer Care and Billing System ("CCBS") of the Water Supplies Department last year, the Managed Services[2] business managed to deliver backlog projects and new variation orders smoothly during the reporting period. Moreover, the performance of the Development Services[2] business was also improved in the first half of 2023 with the completion of various delivery milestones of some key projects. The business continued to secure new orders from the continuing engagement in various projects of the Government and from the multi-year framework agreements with commercial enterprises and government related organisations.

Conversely, the Integration Services[2] business in Mainland China was sluggish during the reporting period. The management believes the performance would improve in the remaining of the year and achieve steady results in 2023.

BUSINESS REVIEW *(continued)*

e-Service and related business

Slowed trading activities continued to hinder the import and export activities in early 2023. In line with the decrease in overall trade volume, the revenue and the performance of the Group's GETS business was slightly dropped during the reporting period.

The Group has been granted a licence (the "GETS Licence") from the Government for the provision of front-end Government Electronic Trading Services for processing certain official trade-related documents since 2004. The Group's GETS Licence was further extended by the Government in June 2023 for additional three years until the end of 2027.

Investments

In the absence of material valuation loss, the Group's Investments segment recorded a profit of HK$0.6 million (2022: loss of HK$0.4 million) in the first half of 2023.

PROSPECT

To address the IT resources shortage and increasing staff cost in HKSAR, the Group has been increasing the scale of its software development centres in Mainland China. The management is glad to report that the resources built up in Shenzhen has strengthened our delivery capability and mitigated gradually the cost pressure and resources constraint in Hong Kong. The management believes the development centres will become a strong support for the Group to develop best-of-breed products as well as capturing the market potential competitively.

Looking ahead, the management believes the order closing momentum will gradually be picked up by strengthened go-to-market activities planned by the Group in the second half of the year. With the enhanced software product portfolio and improved resources management among Hong Kong and Mainland China, the Group will become more competitive in its business environment.

Despite economic recovery and consumer sentiment remaining uncertain, the Group is still confident in its growth potential leveraging our enhanced customer base and revenue streams with strong recurring nature. Considering the efforts made by the Group to improve operational efficiency and its business expansion plan to the Greater Bay Area, the management remains positive in the growth prospects in our business segments and cautiously optimistic in the second half of 2023.

Footnotes:

[1] The Group's Application Services business engages in the provision of enterprise application software and e-business services for enterprises including the provision of (i) enterprise application software (including SaaS product offering) with implementation and ongoing support services for Human Resource Management, Enterprise Procurement Management, Enterprise Information Management and Enterprise Retail Management (collectively the "Application Software"); and (ii) the Government Electronic Trading Services ("GETS"), cloud services and other related value-added services (collectively the "e-Service and related business").

[2] The Group's Solutions and Integration Services business includes (i) Development Services for the provision of IT solutions implementation and application software development (including SaaS product offering); (ii) Managed Services for the provision of IT and related operation / infrastructure outsourcing services; and (iii) Integration Services for the provision of IT systems and network infrastructure with related design, implementation and ongoing support services.

FINANCIAL REVIEW

Revenue and gross profit

The Group's total revenue was slightly dropped by HK$0.5 million, or 0.4%, to HK$128.1 million (2022: HK$128.6 million) during the reporting period. The minor decrease was primarily caused by mixed effects of the reduction from the Application Services business and the growth from the Solutions Services business.

The cost of sales and services went up by HK$2.2 million, or 3.8% to HK$60.5 million (2022: HK$58.3 million) as the staff costs were persistently going up. The overall gross profit, being adversely impacted by the increased operating costs, had been deflated by HK$2.7 million, or 3.8% to HK$67.6 million (2022: HK$70.3 million). Respectively, the gross profit margin fell to 52.8% (2022: 54.7%).

The other income and gains materially increased by HK$2.2 million, or 38.6% to HK$8.1 million (2022: HK$5.8 million). The increment was mainly contributed by the increase in bank interest income by HK$5.4 million, or 350.2% to HK$6.9 million (2022: HK$1.5 million), meanwhile the absence of government subsidies under the Employment Support Scheme significantly reduced the overall government subsidies and incentives (including value added tax refund) by HK$3.1 million, or 76.6% to HK$0.9 million (2022: HK$4.0 million).

The loss of the Group's on hand investments in real estate investment trusts ("REITs") was reduced to HK$0.5 million (2022: HK$1.6 million) during the reporting period.

Expenses

Due to the increase in staff costs, the selling, general and administrative expenses (including the selling and distribution expenses, the general and administrative expenses, net and the finance cost) went up by HK$2.0 million, or 4.4% to HK$48.6 million (2022: HK$46.5 million).

The commencement of amortisation of deferred development costs of the Group's Solutions Services business since June 2022 had significantly inflated the other expenses by HK$3.3 million, or 94.3% to HK$6.7 million (2022: HK$3.5 million) .

The income tax expense dropped due to the decrease in assessable profits generated during the reporting period and the increase in deferred tax credit arising from the amortisation of deferred development costs of the Group's Solutions Services business.

Net profit

Profit attributable to shareholders of the Company fell by 16.7% to HK$18.2 million (2022: HK$21.9 million) primarily due to the increase in operating costs. Relevantly, the net profit margin (profit for the period attributable to shareholders of the Company divided by the revenue) also dropped to 14.2% (2022: 17.0%).

Non-current assets

Amortisation of other intangible assets and depreciation of right-of-use assets were the main contributors for the decrease in the non-current assets of HK$3.6 million, or 1.4%, to HK$262.2 million (31 December 2022: HK$265.8 million).

Current assets

The current assets slightly dropped by HK$15.7 million, or 3.8%, to HK$397.0 million (31 December 2022: HK$412.7 million). The change was mainly attributed to the decrease in cash and bank balances and trade receivables.

The Group maintains strict controls over its outstanding trade receivables and considered that the trade receivables (net of loss allowance) were all recoverable in the foreseeable future.

FINANCIAL REVIEW *(continued)*

Current liabilities and non-current liabilities

The Group's current and non-current liabilities slightly reduced by HK$6.8 million, or 4.4%, to HK$148.6 million (31 December 2022: HK$155.4 million). The reduction was in line with the decrease in trade payables, other payables and accruals.

Segment assets and liabilities

Segment assets of the Application Services business dropped due to decrease in trade receivables and amortisation of other intangible assets while the segment liabilities of the business increased in line with the increase in lease liabilities.

Segment assets of the Solutions and Integration Services business mildly increased due to increase in contract assets offset by decrease in trade receivables and other intangible assets while segment liabilities of the business dropped in line with decrease in both trade payables and contract liabilities.

Segment assets of the Investments business dropped as financial assets recorded valuation losses during the reporting period.

Equity attributable to owners of the parent

Total equity attributable to owners of the parent slightly moved downward to HK$509.4 million (31 December 2022: HK$521.6 million).

The change was mainly the mixed results of the profit earned in the 2023 interim period, the purchase of shares held under the restricted share award scheme and the payments of the 2022 final and special dividends.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 30 June 2023, the Group had pledged an investment property with a fair value of HK$63.5 million (31 December 2022: HK$63.5 million), listed equity securities of HK$3.7 million (31 December 2022: HK$4.2 million) and bank balances of HK$0.8 million (31 December 2022: HK$1.0 million) to secure certain general bank facilities including guarantee/performance bonds facilities granted to the Group/subsidiaries of the Company in aggregate of HK$111.9 million (31 December 2022: HK$111.9 million) of which HK$21.2 million (31 December 2022: HK$21.3 million) were utilised as at 30 June 2023.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2023, the Group's cash and cash equivalents were HK$298.6 million (31 December 2022: HK$309.8 million).

All of the Group's on hand fundings are in Hong Kong dollars, Renminbi and US dollars. The Group has not adopted any hedging policies, as these currencies carry relatively low exchange fluctuation risks. Nevertheless, the Group had been monitoring the foreign exchange exposures closely and hedging any significant foreign currency exposure in order to minimise the exchange risk should the needs arose.

As at 30 June 2023, the Group had no bank borrowings (31 December 2022: Nil). The Group's current ratio representing current assets divided by current liabilities was 3.0 (31 December 2022: 3.0) and the gearing ratio, representing total liabilities divided by total assets, was 22.5% (31 December 2022: 22.9%).

REMUNERATION POLICY AND NUMBER OF EMPLOYEES

The Group remunerates its employees based on their performance, working experience and prevailing market conditions. Apart from basic salary, discretionary bonus and other incentives are offered to employees of the Group to reward their performance and contributions.

The remuneration policies adopted for the six months ended 30 June 2023 are consistent with those disclosed in the Group's 2022 Annual Report. As at 30 June 2023, the Group employed 356 full time employees and 12 part time employees (31 December 2022: 361 full time employees and 12 part time employees).

As at 30 June 2023, the Company operates a share award scheme for the purpose of providing incentives and rewards to the employees who contribute to the success of the Group's operations as well as to retain them for the continual development of the Group.

SIGNIFICANT INVESTMENTS

Save as disclosed in the announcement, the Group had no significant investments held as at 30 June 2023.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Saved as disclosed in the announcement, the Group did not have any material acquisition or disposal of subsidiaries during the period and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2023.

CONTINGENT LIABILITIES

Save as disclosed in the announcement, the Group has no material contingent liabilities as at 30 June 2023.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK$0.055 (2022: an interim dividend of HK$0.065) per ordinary share for the six months ended 30 June 2023.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 4 September 2023 to Tuesday, 5 September 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 1 September 2023. The dividend will be distributed on or about Monday, 18 September 2023 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 5 September 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the period, the trustee of the Company's restricted share award scheme had, pursuant to the terms of the rules and trust deed of such scheme, purchased from the market a total of 172,000 shares of the Company being the awarded restricted shares. The total amount paid to acquire these shares during the period was approximately HK$400,000.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance within a sensible framework with an emphasis on the principles of integrity, transparency and accountability. The Board believes that good corporate governance is essential to the success of the Company and to the enhancement of shareholders' value.

The Board opined that the Company has complied with the code provision set out in the Corporate Governance Code (the "CG code") as stipulated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the reporting period except on the deviations noted below.

The CG code provision C.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual.

The Board considered that the powers and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board committees, as well as top management. In addition, there are at least three independent non-executive directors on the Board offering their experience, expertise, independent advice and views from different perspectives. The Board is therefore of the view that there are adequate balance of power and safeguards in place.

The Board reviewed the scope of operation and management structure of the Group and considered the current organisation structure was effective and there is no imminent need to appoint CEO. However, the Board will continue to review the effectiveness of the Group's corporate governance structure and will consider whether any change, including the appointment of CEO, are necessary.

Reference is made to the announcement of the Company dated 18 August 2023 in relation to the appointment of CEO, Mr. Chung Kin Yip has been appointed as CEO of the Group to manage day-to-day business with effect from 1 September 2023.

The Company considers that sufficient measures have been taken to ensure that its corporate governance practices are similar to those provided in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. Based on a specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2023.

RISK MANAGEMENT FRAMEWORK

The Group has established an effective risk governance and management framework in line with the requirements set out by the Listing Rules and other regulations. This framework was built around a structure that enables the Board and the management to discharge their risk management-related responsibilities with appropriate delegation as well as checks and balances. These responsibilities included defining risk appetite in accordance with the Group's business strategies and objectives, formulating risk policies that govern the execution of those strategies, and establishing procedures and limits for the approval, control, monitoring and remedy of risks.

The members of the Risk Management Committee positioned at the highest level of the Group's risk governance structure under the Board. Members included three executive directors and one independent non-executive director. The Risk Management Committee had direct involvements in formulating the Group's risk appetite, and determined the levels of risk that the Group is willing to undertake with reference to its financial capacity, strategic direction, prevailing market conditions and regulatory requirements.

The Risk Management Committee will continuously ensure the Group's risk appetite is realistically reflected in the policies and procedures that the management adopted in executing its business functions. The Risk Management Committee will regularly review the Group's risk management framework and ensure that all important risk-related tasks are performed according to established policies and with appropriate resources.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee comprises three independent non-executive directors of the Company. The interim condensed consolidated financial statements for the six months ended 30 June 2023 have not been audited, but the Audit Committee has discussed with the management of the Company and the external auditors, Ernst & Young, on the appropriateness and consistency of the accounting policies that have been adopted by the Company. The Audit Committee has reviewed the interim results and the interim report of the Group for the six months ended 30 June 2023.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.ctil.com). The 2023 interim report will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.ctil.com) and also to be despatched to the shareholders of the Company in due course.

APPRECIATIONS

On behalf of the Board and the management, I would like to express our sincere thanks to all employees, shareholders, customers and business partners for their supports to the Group during the reporting period.

By Order of the Board
Computer And Technologies Holdings Limited
Ng Cheung Shing
Chairman

Hong Kong, 18 August 2023

As at the date of this announcement, the Board comprises Mr. Ng Cheung Shing, Mr. Cheung Wai Lam, Mr. Leung King San Sunny and Mr. Ng Kwok Keung as executive directors, and Ms. Chan Yuen Shan Clara, Mr. Poon Siu Hoi Casey, and Mr. Ting Leung Huel Stephen as independent non-executive directors.